



Webinar

# Funding in the Face of **COVID-19**

Grants, Loans, and Other Measures

# Speakers



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# Agenda

- Introduction
- Federal Programs
  - Grants
  - Loans
- Provincial Programs
  - Quebec
  - Ontario
  - British Columbia
- Q&A
- Closing Remarks





# Federal Programs

## Grants

Mike Lee  
*Managing Partner*

# Work-Sharing Program (Service Canada)

- Predates COVID-19
- Year-round, full-time/part-time, EI-eligible employees form a **work-sharing unit**
- Work-sharing unit: An agreement between eligible employees to reduce normal working hours by the same percentage and to share available work
- Compensated for unworked hours by EI

# Work-Sharing Program (Service Canada)

(Continued)

- Employers must submit application 10 calendar days before requested start date of work-sharing agreement
- Program Changes
  - Extension of the maximum period from 38 weeks to 76 weeks
  - Reduction of the required company operating time from two years to one
  - Reduction of revenue requirements
  - Simplification of the application process
- **Excellent program when work-sharing makes sense**

# 75% Emergency Wage Subsidy (CRA)

- Available for 12 weeks, starting **March 15th, 2020**
- Eligible parties include incorporated, sole proprietor, or partnership businesses, and charities and not-for-profit organizations
- To be eligible, employers must:
  - Demonstrate a **15% drop in qualifying revenue** during period 1 (March 15th to April 11th)
  - Demonstrate a **30% drop in qualifying revenue** during period 2 (April 12th to May 9th) and period 3 (May 10th to June 6th)

# 75% Emergency Wage Subsidy (CRA)

(Continued)

- **Subsidy amounts**
  - 75% of remuneration paid to eligible employees, up to \$847 per week per employee
  - 100% refund on certain employer portions of EI, CPP, and other deductions for employees who are paid but not working
- No cap on the number of employees that can be covered
- **Important to examine all revenue test combinations**



# 10% Temporary Wage Subsidy (CRA)

- A three month measure that will allow eligible employers to reduce the amount of payroll remittances to the CRA
- **The subsidy is equal to the lesser of:**
  - 10% of remuneration paid during the March 18th, 2020 to June 19th, 2020 period
  - \$1,375 for each eligible employee
  - \$25,000 total/employer
- **No need to apply, as it can be done through payroll**

# Innovation Solutions Challenges for COVID-19 (Innovation, Science, and Economic Development Canada)

- Various challenges to respond to the COVID-19 pandemic, mostly related to R&D and testing prototypes that can help protect Canadians
- **The challenges come up fast. None are currently open, but it is likely that new ones will be released over the next few weeks**

# Innovation Assistance Program (NRC IRAP)

- On April 17th, the Prime Minister of Canada announced that \$250M in additional funding would be added to the NRC-IRAP program
- Funds are meant to support early-stage, high growth potential startups not addressed by other programs
- Most valuable for cash-strapped, growing companies
- **Program will open April 22nd, 2020, so apply ASAP on website**

# Mitacs Accelerate

- Adjustments made to existing program
- Boosting their funding to 75% of a project's cost
- Post-secondary students can now support development activities
- New, flexible model allows for remote work
- **Program is open**

# Call for Suppliers

## (Public Works and Government Services Canada)

- The Government of Canada is calling for equipment and services to combat COVID-19
- Not funding, but a good business opportunity if you are a manufacturer or distributor
- **Great program if it applies**



# SR&ED During COVID-19

- CRA is going through tremendous changes:
  - Looking to hire over 2,000 temporary individuals
  - Has reallocated staff to deal with the new programs
  - Revamping procedures to deal with new environment
- CRA SRED is adapting to the new reality:
  - Not beginning new in-person audits
  - First-time claim advisory service visits are being skipped or postponed
  - Credits are being processed ASAP on a case-by-case basis
- **Likely claims will be prioritized, less in-depth reviews, new working approaches**



# Federal Programs

## Loans

Gabrielle Plourde

*Corporate Tax & Funding Analyst*

# Canada Emergency Business Account (CRA)

- Interest-free loans of up to \$40,000 to help cover operating costs during a period of temporary revenue reduction due to COVID-19
- For small businesses and not-for-profits
- **Original criteria lowered:**
  - To qualify, businesses now need to demonstrate they paid between \$20,000 and \$1.5M in total payroll in 2019
- Repaying the balance of the loan before December 31st, 2022 will result in a loan forgiveness of 25% (up to \$10,000)

# EDC Loan Guarantee for SMEs

- EDC will provide funding to financial institutions so that they can issue new operating credit and cashflow **term loans** of up to \$6.25M to existing clients
- 80% guaranteed by EDC, to be repaid within one year
- The loans can be used for **operational expenses only**
- Operational expenses: Day-to-day costs that are necessary to keep a business running

# BDC Co-Lending Program for SMEs

- Term loans for the operational and liquidity needs of businesses
  - Could include interest payments on existing debt
- **Divided into three segments based on business revenue:**
  1. Up to \$312,500 for businesses with revenues of less than \$1M
  2. Up to \$3.125M for businesses with revenues between \$1M and \$50M
  3. Up to \$6.25M for businesses with revenues in excess of \$50M



# Canada Emergency Commercial Rent Assistance Program (Government of Canada)

- Intended to support small businesses "most impacted by the pandemic"
- Loan amounts and conditions not disclosed yet
- Loans, including forgivable loans, will be provided to commercial building owners so they can **cancel or lower** their small commercial tenant's rent for the months of April, May, and June 2020

# Farm Credit Canada (FCC) Loan

- FCC has put in place an additional 24-month credit line of up to \$500,000 for agribusinesses

# BDC Capital Bridge Financing Program

- BDC will match, with a convertible note, a current financing round
- **The company must:**
  - Be Canadian
  - Be backed by a qualified venture firm
  - Have raised at least \$500,000 in external capital before applying for the program
  - Be directly impacted by COVID-19

# Announcements

- Indigenous Business Support
  - \$306-million is being invested to allow indigenous businesses to access short-term interest free loans and non-repayable contributions
- Regional Development Agencies (RDA) Funding
  - If you are a tourism operator or SME impacted by COVID-19, the RDAs could assist you with access to federal funding
- Energy Programs
  - \$2 billion is being invested to support Canadians working in the energy sector



# Provincial Programs

## Quebec

Sahar Ansary  
*Partner*



# Concerted Temporary Action Program for Businesses (Investissement Québec)

- A loan or loan guarantee of a minimum of \$50,000
- Companies from all industries are eligible
- **Must show that liquidity shortages are temporary and stem from:**
  - A problem involving the supply of raw materials or products; or
  - An inability, or a substantially decreased ability, to deliver goods, products, or services

# Emergency Assistance for SMEs

## (The Government of Quebec)

- Same requirements as the Concerted Temporary Action Plan for Businesses, but for businesses that require less than \$50,000 in cash
- Must have been in business in Quebec for at least a year
- Funding will vary according to the company's needs
- \$40M is being set aside for Montreal businesses

# CDPQ Support for Quebec Businesses

- \$4B to support companies temporarily impacted by COVID-19
- Minimum loan of \$5M
- For companies of all sizes and in all industries across Quebec
- Companies must be profitable before the start of the COVID-19 crisis and have a promising growth outlook

# Concerted Actions Program for the Maintenance of Employment (Government of Quebec)

- Financial support to train employees and adapt HR operations to the current crisis
- Two streams
  - **Business stream is most applicable here**
- Eligible activities include:
  - Basic employment training
  - Digital skills training
  - Training linked to pivoting in the context of the pandemic

# Concerted Actions Program for the Maintenance of Employment (Government of Quebec)

(Continued)

- Eligible activities include (continued):
  - HRM consulting mandates
  - And more
- Financial aid:
  - If your training project costs \$100,000 or less, max 100% of expenses
  - If your training project costs between \$100,000 and \$500,000, max 50% of expenses



# Concerted Actions Program for the Maintenance of Employment (Government of Quebec)

(Continued)

- Eligible expenses include:
  - Salaries of employees in training, up to \$25/hour
  - Professional fees of consultants or trainers, up to \$150/hour
  - The cost of developing and adapting training content
  - And more
- Projects will be accepted until September 30th, 2020, or until the budget runs out



# Provincial Programs

## Ontario

Sahar Ansary  
*Partner*

# Regional Opportunities Investment Tax Credit

- A 10% refundable corporate income tax credit for eligible corporations making qualified investments in capital property that becomes available for use on or after March 25th, 2020
- Eligible corporations include:
  - CCPCs that construct, renovate, or acquire commercial and industrial Class 1 and Class 6 buildings for CCA purposes
- Qualified investments are those with a cost between \$50,000 and \$500,000 in capital property

# City of Toronto Contingency Fund

- Details pending

# Ontario Call for Innovative Solutions

- Not exactly funding, but a good opportunity if you are an innovator or manufacturer



# Provincial Programs

## British Columbia

Sahar Ansary  
*Partner*

# Arts and Culture Resilience Supplement (BC Arts Council)

- A one-time grant of a maximum of \$15,000 for B.C. Arts Council's Operating Assistance clients and eligible project clients
- Organization can choose how to use the money
- Paid out in April
- Starting April 2020, the BC Arts Council will also provide operating clients with a 50% advance on 2020-2021 funding

# Questions?



# Thank You

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